

SHB 3080 - H AMD 976

By Representative Linville

ADOPTED 02/17/2004

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** A new section is added to chapter 43.88 RCW
4 to read as follows:

5 The legislature finds that agency missions, goals, and objectives
6 should focus on statewide results. It is the intent of the legislature
7 to focus the biennial budget on how state agencies produce real results
8 that reflect the goals of statutory programs. Specifically, budget
9 managers and the legislature must have the data to move toward better
10 statewide results that produce the intended public benefit. This data
11 must be supplied in an impartial, quantifiable form, and demonstrate
12 progress toward statewide results. With a renewed focus on achieving
13 true results, state agencies, the office of financial management, and
14 the legislature will be able to prioritize state resources.

15 **Sec. 2.** RCW 43.88.090 and 1997 c 372 s 1 are each amended to read
16 as follows:

17 (1) For purposes of developing budget proposals to the legislature,
18 the governor shall have the power, and it shall be the governor's duty,
19 to require from proper agency officials such detailed estimates and
20 other information in such form and at such times as the governor shall
21 direct. The governor shall communicate statewide priorities to
22 agencies for use in developing biennial budget recommendations for
23 their agency and shall seek public involvement and input on these
24 priorities. The estimates for the legislature and the judiciary shall
25 be transmitted to the governor and shall be included in the budget
26 without revision. The estimates for state pension contributions shall
27 be based on the rates provided in chapter 41.45 RCW. Copies of all
28 such estimates shall be transmitted to the standing committees on ways

1 and means of the house and senate at the same time as they are filed
2 with the governor and the office of financial management.

3 The estimates shall include statements or tables which indicate, by
4 agency, the state funds which are required for the receipt of federal
5 matching revenues. The estimates shall be revised as necessary to
6 reflect legislative enactments and adopted appropriations and shall be
7 included with the initial biennial allotment submitted under RCW
8 43.88.110. The estimates must reflect that the agency considered any
9 alternatives to reduce costs or improve service delivery identified in
10 the findings of a performance audit of the agency by the joint
11 legislative audit and review committee. Nothing in this subsection
12 requires performance audit findings to be published as part of the
13 budget.

14 (2) Each state agency shall define its mission and establish
15 measurable goals for achieving desirable results for those who receive
16 its services and the taxpayers who pay for those services. Each agency
17 shall also develop clear strategies and timelines to achieve its goals.
18 This section does not require an agency to develop a new mission or
19 goals in place of identifiable missions or goals that meet the intent
20 of this section. The mission and goals of each agency must conform to
21 statutory direction and limitations.

22 (3) For the purpose of assessing program performance, each state
23 agency shall establish program, quality, and productivity objectives
24 for each major program in its budget. The objectives must be
25 consistent with the missions and goals developed under this section.
26 The objectives must be expressed to the extent practicable in outcome-
27 based, objective, and measurable form unless an exception to adopt a
28 different standard is granted by the office of financial management and
29 approved by the legislative committee on performance review.
30 Objectives must specifically address the statutory purpose of the
31 program and shall focus on data that measure whether the agency is
32 achieving or making progress toward the purpose of the program and
33 toward statewide priorities. The office of financial management shall
34 provide necessary professional and technical assistance to assist state
35 agencies in the development of strategic plans that include the mission
36 of the agency and its programs, measurable goals, strategies, and
37 performance measurement systems.

1 (4) Each state agency shall adopt procedures for and perform
2 continuous self-assessment of each program and activity, using the
3 mission, goals, objectives, and measurements required under subsections
4 (2) and (3) of this section. Agencies' progress toward the mission,
5 goals, objectives, and measurements required by subsections (2) and (3)
6 of this section is subject to review as set forth in this subsection.

7 (a) The office of financial management shall regularly conduct
8 reviews of selected programs to analyze whether the objectives and
9 measurements submitted by agencies demonstrate progress toward
10 statewide results.

11 (b) The office of financial management shall consult with the
12 higher education coordinating board, and the state board for community
13 and technical colleges in those reviews that involve institutions of
14 higher education.

15 (c) The goal is for all programs to receive at least one review
16 each biennium.

17 (5) It is the policy of the legislature that each agency's budget
18 (~~proposals~~) recommendations must be directly linked to the agency's
19 stated mission and program, quality, and productivity goals and
20 objectives. Consistent with this policy, agency budget proposals must
21 include integration of performance measures that allow objective
22 determination of a program's success in achieving its goals. When a
23 review under subsection (4) of this section or other analysis
24 determines that the agency's objectives demonstrate that the agency is
25 making insufficient progress toward the goals of any particular program
26 or is otherwise underachieving or inefficient, the agency's budget
27 request shall contain proposals to remedy or improve the selected
28 programs. The office of financial management shall develop a plan to
29 merge the budget development process with agency performance assessment
30 procedures. The plan must include a schedule to integrate agency
31 strategic plans and performance measures into agency budget requests
32 and the governor's budget proposal over three fiscal biennia. The plan
33 must identify those agencies that will implement the revised budget
34 process in the 1997-1999 biennium, the 1999-2001 biennium, and the
35 2001-2003 biennium. In consultation with the legislative fiscal
36 committees, the office of financial management shall recommend
37 statutory and procedural modifications to the state's budget,

1 accounting, and reporting systems to facilitate the performance
2 assessment procedures and the merger of those procedures with the state
3 budget process. The plan and recommended statutory and procedural
4 modifications must be submitted to the legislative fiscal committees by
5 September 30, 1996.

6 (6) In reviewing agency budget requests in order to prepare the
7 governor's biennial budget request, the office of financial management
8 shall consider the extent to which the agency's programs demonstrate
9 progress toward the statewide priorities, identified by the governor
10 and the legislature, along with any specific review conducted under
11 subsection (4) of this section.

12 (7) In the year of the gubernatorial election, the governor shall
13 invite the governor-elect or the governor-elect's designee to attend
14 all hearings provided in RCW 43.88.100; and the governor shall furnish
15 the governor-elect or the governor-elect's designee with such
16 information as will enable the governor-elect or the governor-elect's
17 designee to gain an understanding of the state's budget requirements.
18 The governor-elect or the governor-elect's designee may ask such
19 questions during the hearings and require such information as the
20 governor-elect or the governor-elect's designee deems necessary and may
21 make recommendations in connection with any item of the budget which,
22 with the governor-elect's reasons therefor, shall be presented to the
23 legislature in writing with the budget document. Copies of all such
24 estimates and other required information shall also be submitted to the
25 standing committees on ways and means of the house and senate.

26 **Sec. 3.** RCW 43.88.030 and 2002 c 371 s 911 are each amended to
27 read as follows:

28 (1) The director of financial management shall provide all agencies
29 with a complete set of instructions for submitting biennial budget
30 requests to the director at least three months before agency budget
31 documents are due into the office of financial management. The
32 director shall provide agencies and committees that are required under
33 RCW 44.40.070 to develop comprehensive six-year program and financial
34 plans with a complete set of instructions for submitting these program
35 and financial plans at the same time that instructions for submitting
36 other budget requests are provided. The budget document or documents

1 shall consist of the governor's budget message which shall be
2 explanatory of the budget and shall contain an outline of the proposed
3 financial policies of the state for the ensuing fiscal period, as well
4 as an outline of the proposed six-year financial policies where
5 applicable, and shall describe in connection therewith the important
6 features of the budget. The biennial budget document or documents
7 shall also describe accountability indicators that demonstrate
8 measurable progress towards priority results. The message shall set
9 forth the reasons for salient changes from the previous fiscal period
10 in expenditure and revenue items and shall explain any major changes in
11 financial policy. Attached to the budget message shall be such
12 supporting schedules, exhibits and other explanatory material in
13 respect to both current operations and capital improvements as the
14 governor shall deem to be useful to the legislature. The budget
15 document or documents shall set forth a proposal for expenditures in
16 the ensuing fiscal period, or six-year period where applicable, based
17 upon the estimated revenues and caseloads as approved by the economic
18 and revenue forecast council and caseload forecast council or upon the
19 estimated revenues and caseloads of the office of financial management
20 for those funds, accounts, sources, and programs for which the forecast
21 councils do not prepare an official forecast, including those revenues
22 anticipated to support the six-year programs and financial plans under
23 RCW 44.40.070. In estimating revenues to support financial plans under
24 RCW 44.40.070, the office of financial management shall rely on
25 information and advice from the transportation revenue forecast
26 council. Revenues shall be estimated for such fiscal period from the
27 source and at the rates existing by law at the time of submission of
28 the budget document, including the supplemental budgets submitted in
29 the even-numbered years of a biennium. However, the estimated revenues
30 and caseloads for use in the governor's budget document may be adjusted
31 to reflect budgetary revenue transfers and revenue and caseload
32 estimates dependent upon budgetary assumptions of enrollments,
33 workloads, and caseloads. All adjustments to the approved estimated
34 revenues and caseloads must be set forth in the budget document. The
35 governor may additionally submit, as an appendix to each supplemental,
36 biennial, or six-year agency budget or to the budget document or

1 documents, a proposal for expenditures in the ensuing fiscal period
2 from revenue sources derived from proposed changes in existing
3 statutes.

4 Supplemental and biennial documents shall reflect a six-year
5 expenditure plan consistent with estimated revenues from existing
6 sources and at existing rates for those agencies required to submit
7 six-year program and financial plans under RCW 44.40.070. Any
8 additional revenue resulting from proposed changes to existing statutes
9 shall be separately identified within the document as well as related
10 expenditures for the six-year period.

11 The budget document or documents shall also contain:

12 (a) Revenues classified by fund and source for the immediately past
13 fiscal period, those received or anticipated for the current fiscal
14 period, those anticipated for the ensuing biennium, and those
15 anticipated for the ensuing six-year period to support the six-year
16 programs and financial plans required under RCW 44.40.070;

17 (b) The undesignated fund balance or deficit, by fund;

18 (c) Such additional information dealing with expenditures,
19 revenues, workload, performance, and personnel as the legislature may
20 direct by law or concurrent resolution;

21 (d) Such additional information dealing with revenues and
22 expenditures as the governor shall deem pertinent and useful to the
23 legislature;

24 (e) Tabulations showing expenditures classified by fund, function,
25 activity, and agency. However, documents submitted for the 2003-05
26 biennial budget request need not show expenditures by activity;

27 (f) (~~A delineation of each agency's activities, including those~~
28 ~~activities funded from nonbudgeted, nonappropriated sources, including~~
29 ~~funds maintained~~)) The expenditures that include nonbudgeted,
30 nonappropriated accounts outside the state treasury;

31 (g) Identification of all proposed direct expenditures to implement
32 the Puget Sound water quality plan under chapter 90.71 RCW, shown by
33 agency and in total; and

34 (h) Tabulations showing each postretirement adjustment by
35 retirement system established after fiscal year 1991, to include, but
36 not be limited to, estimated total payments made to the end of the

1 previous biennial period, estimated payments for the present biennium,
2 and estimated payments for the ensuing biennium.

3 (2) The budget document or documents shall include detailed
4 estimates of all anticipated revenues applicable to proposed operating
5 or capital expenditures and shall also include all proposed operating
6 or capital expenditures. The total of beginning undesignated fund
7 balance and estimated revenues less working capital and other reserves
8 shall equal or exceed the total of proposed applicable expenditures.
9 The budget document or documents shall further include:

10 (a) Interest, amortization and redemption charges on the state
11 debt;

12 (b) Payments of all reliefs, judgments, and claims;

13 (c) Other statutory expenditures;

14 (d) Expenditures incident to the operation for each agency;

15 (e) Revenues derived from agency operations;

16 (f) Expenditures and revenues shall be given in comparative form
17 showing those incurred or received for the immediately past fiscal
18 period and those anticipated for the current biennium and next ensuing
19 biennium, as well as those required to support the six-year programs
20 and financial plans required under RCW 44.40.070;

21 (g) A showing and explanation of amounts of general fund and other
22 funds obligations for debt service and any transfers of moneys that
23 otherwise would have been available for appropriation;

24 (h) Common school expenditures on a fiscal-year basis;

25 (i) A showing, by agency, of the value and purpose of financing
26 contracts for the lease/purchase or acquisition of personal or real
27 property for the current and ensuing fiscal periods; and

28 (j) A showing and explanation of anticipated amounts of general
29 fund and other funds required to amortize the unfunded actuarial
30 accrued liability of the retirement system specified under chapter
31 41.45 RCW, and the contributions to meet such amortization, stated in
32 total dollars and as a level percentage of total compensation.

33 (3) The governor's operating budget document or documents shall
34 reflect the statewide priorities as required by RCW 43.88.090.

35 (4) The governor's operating budget document or documents shall
36 identify programs that are not addressing the statewide priorities.

1 (5) A separate capital budget document or schedule shall be
2 submitted that will contain the following:

3 (a) A statement setting forth a long-range facilities plan for the
4 state that identifies and includes the highest priority needs within
5 affordable spending levels;

6 (b) A capital program consisting of proposed capital projects for
7 the next biennium and the two biennia succeeding the next biennium
8 consistent with the long-range facilities plan. Inasmuch as is
9 practical, and recognizing emergent needs, the capital program shall
10 reflect the priorities, projects, and spending levels proposed in
11 previously submitted capital budget documents in order to provide a
12 reliable long-range planning tool for the legislature and state
13 agencies;

14 (c) A capital plan consisting of proposed capital spending for at
15 least four biennia succeeding the next biennium;

16 (d) A strategic plan for reducing backlogs of maintenance and
17 repair projects. The plan shall include a prioritized list of specific
18 facility deficiencies and capital projects to address the deficiencies
19 for each agency, cost estimates for each project, a schedule for
20 completing projects over a reasonable period of time, and
21 identification of normal maintenance activities to reduce future
22 backlogs;

23 (e) A statement of the reason or purpose for a project;

24 (f) Verification that a project is consistent with the provisions
25 set forth in chapter 36.70A RCW;

26 (g) A statement about the proposed site, size, and estimated life
27 of the project, if applicable;

28 (h) Estimated total project cost;

29 (i) For major projects valued over five million dollars, estimated
30 costs for the following project components: Acquisition, consultant
31 services, construction, equipment, project management, and other costs
32 included as part of the project. Project component costs shall be
33 displayed in a standard format defined by the office of financial
34 management to allow comparisons between projects;

35 (j) Estimated total project cost for each phase of the project as
36 defined by the office of financial management;

37 (k) Estimated ensuing biennium costs;

1 (l) Estimated costs beyond the ensuing biennium;
2 (m) Estimated construction start and completion dates;
3 (n) Source and type of funds proposed;
4 (o) Estimated ongoing operating budget costs or savings resulting
5 from the project, including staffing and maintenance costs;
6 (p) For any capital appropriation requested for a state agency for
7 the acquisition of land or the capital improvement of land in which the
8 primary purpose of the acquisition or improvement is recreation or
9 wildlife habitat conservation, the capital budget document, or an
10 omnibus list of recreation and habitat acquisitions provided with the
11 governor's budget document, shall identify the projected costs of
12 operation and maintenance for at least the two biennia succeeding the
13 next biennium. Omnibus lists of habitat and recreation land
14 acquisitions shall include individual project cost estimates for
15 operation and maintenance as well as a total for all state projects
16 included in the list. The document shall identify the source of funds
17 from which the operation and maintenance costs are proposed to be
18 funded;
19 (q) Such other information bearing upon capital projects as the
20 governor deems to be useful;
21 (r) Standard terms, including a standard and uniform definition of
22 normal maintenance, for all capital projects;
23 (s) Such other information as the legislature may direct by law or
24 concurrent resolution.
25 For purposes of this subsection (~~((3))~~) (5), the term "capital
26 project" shall be defined subsequent to the analysis, findings, and
27 recommendations of a joint committee comprised of representatives from
28 the house capital appropriations committee, senate ways and means
29 committee, legislative transportation committee, legislative evaluation
30 and accountability program committee, and office of financial
31 management.
32 (~~((4))~~) (6) No change affecting the comparability of agency or
33 program information relating to expenditures, revenues, workload,
34 performance and personnel shall be made in the format of any budget
35 document or report presented to the legislature under this section or
36 RCW 43.88.160(1) relative to the format of the budget document or
37 report which was presented to the previous regular session of the

1 legislature during an odd-numbered year without prior legislative
2 concurrence. Prior legislative concurrence shall consist of (a) a
3 favorable majority vote on the proposal by the standing committees on
4 ways and means of both houses if the legislature is in session or (b)
5 a favorable majority vote on the proposal by members of the legislative
6 evaluation and accountability program committee if the legislature is
7 not in session.

8 NEW SECTION. **Sec. 4.** If specific funding for the purposes of this
9 act, referencing this act by bill or chapter number, is not provided by
10 June 30, 2004, in the omnibus appropriations act, this act is null and
11 void."

12 Correct the title.

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